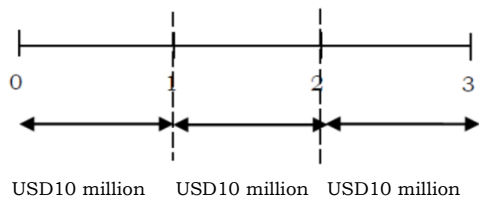


APPENDIX I  
REGULATION OF MEMBER OF BOARD OF  
GOVERNORS OF BANK INDONESIA  
NUMBER 20/18/PADG/2018  
DATED 21 AUGUST 2018  
ON HEDGE SWAP TRANSACTIONS TO BANK  
INDONESIA

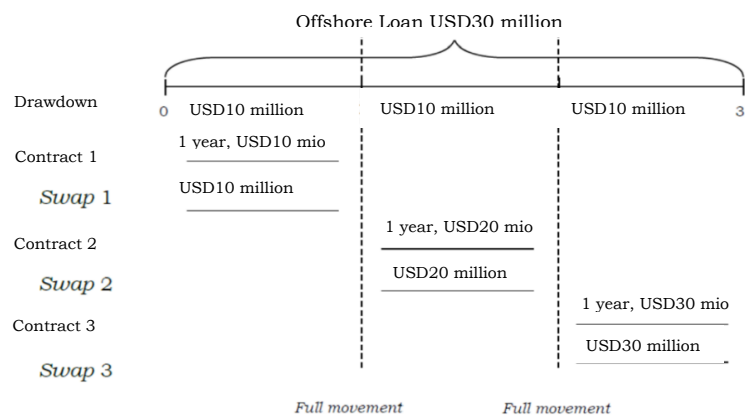
EXAMPLE OF UNDERLYING TRANSACTION’S NOMINAL VALUE SPECIFIED IN  
A HEDGING CONTRACT

1. Hedging Contract with an Underlying Transaction in the form of Offshore  
Loan with Direct Loan Drawdown



A Bank with Offshore Loan amounting to USD10,000,000.00 (ten million United States dollar) with a term of 3 (three) years submits a Hedge Swap Transaction to Bank Indonesia amounting to USD10,000,000.00 (ten million United States dollar) and extends it annually in a nominal value of USD10,000,000.00 (ten million United States dollar) at each extension, then the Underlying Transaction specified in a Hedging Contract amounts to USD10,000,000.00 (ten million United States dollar) with a Hedging Contract term for 3 (three) years.

2. Hedging Contract with an Underlying Transaction in the form of a Bank’s  
Offshore Loan with Gradual Drawdown



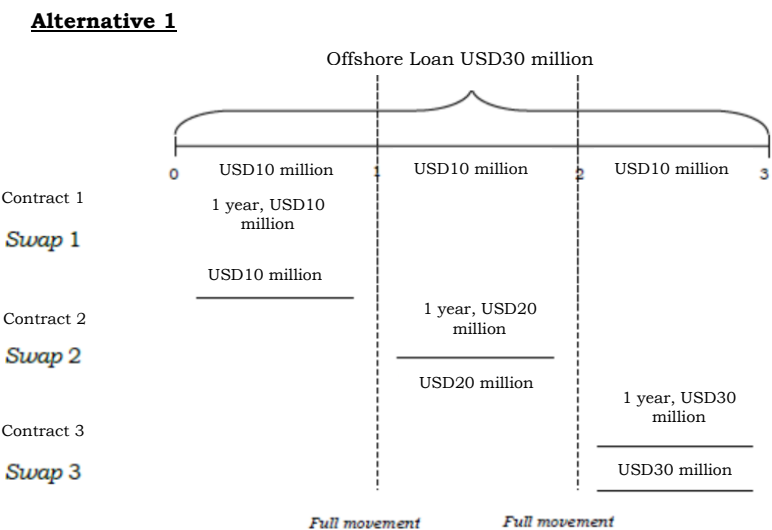
Based on the scenario above, Bank A has an Offshore Loan in an amount of USD30,000,000.00 (thirty million United States dollar) from creditor X overseas with a term of 3 (three) years. The loan drawdown is conducted every year in a nominal drawdown amount of USD10,000,000.00 (ten million United States dollar). Bank A makes a Hedge Swap Transaction to Bank Indonesia on the Offshore Loan with the following mechanism:

- Year 1: On 4 February 2019, Bank A submits a Hedging Contract with an Underlying Transaction in the form of an Offshore Loan received from creditor X in an amount of USD10,000,000.00 (ten million United States dollar) and will fall due on 6 February 2020 with settlement in *full movement*. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD10,000,000.00 (ten million United States dollar) and the Hedging Contract term is 1 (one) year.
- Year 2: In January 2020, Bank A draws down in the second year on an Offshore Loan received from creditor X in an amount of USD10,000,000.00 (ten million United States dollar). On 4 February 2020, Bank A submits a new Hedging Contract with an Underlying Transaction in the form of an Offshore Loan received from creditor X in an amount of USD20,000,000.00 (twenty million United States dollar) and will fall due on 8 February 2021 with settlement in *full movement*. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD20,000,000.00 (twenty million United States dollar) and the Hedging Contract term is 1 (one) year.
- Year 3: In January 2021, Bank A draws down in the third year on an Offshore Loan received from creditor X in an amount of USD10,000,000.00 (ten million United States dollar). On 4 February 2021, Bank A submits a new Hedging Contract with an Underlying Transaction in the form of an Offshore Loan received from creditor X in an amount of USD30,000,000.00 (thirty million United States dollar) and will fall due on 8 February 2022 with settlement in *full movement*. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD30,000,000.00 (thirty million

United States dollar) and the Hedging Contract term is 1 (one) year.

3. Hedging Contract with an Underlying Transaction in the form of Bank Swap Transaction with a Customer for the Customer’s Offshore Loan with Gradual Drawdown

PT B has an Offshore Loan in an amount of USD30,000,000.00 (thirty million United States dollar) from creditor X overseas with a term of 3 (three) years. PT B and creditor Y do not have ownership relationship. The loan drawdown may be conducted every year in a nominal drawdown amount of USD10,000,000.00 (ten million United States dollar). PT B conducts purchase swap transaction to Bank C on the Offshore Loan. Then, Bank C conducts Hedge Swap Transaction to Bank Indonesia with an Underlying Transaction in the form of selling swap between Bank C and PT B with the following mechanism:



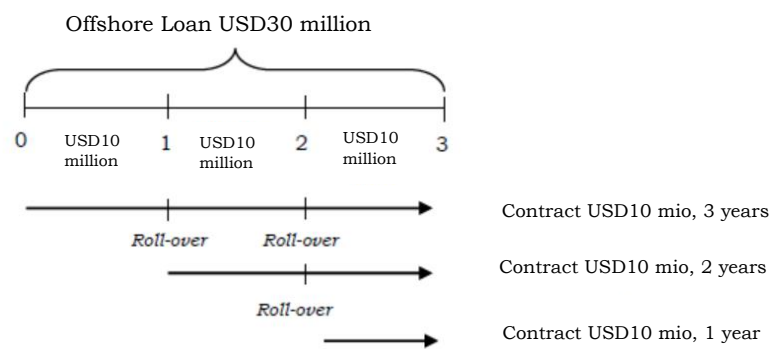
Year 1: On 4 February 2019, Bank C submits a Hedging Contract with an Underlying Transaction in the form of selling swap between Bank C and PT B in an amount of USD10,000,000.00 (ten million United States dollar) and will fall due on 6 February 2020 with settlement in *full movement*. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD10,000,000.00 (ten million United States dollar) and the Hedging Contract term is 1 (one) year.

Year 2: In January 2020, PT B conducts purchase swap transaction with Bank C with an Underlying Transaction in the form of

drawdown in the second year on an Offshore Loan it receives in an amount of USD10,000,000.00 (ten million United States dollar). On 4 February 2020, Bank C submits a Hedging Contract with an Underlying Transaction in the form of selling swap between Bank C and PT B in an amount of USD20,000,000.00 (twenty million United States dollar) and will fall due on 8 February 2021 with settlement in *full movement*. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD20,000,000.00 (twenty million United States dollar) and the Hedging Contract term is 1 (one) year.

Year 3: In January 2021, PT B conducts purchase swap transaction with Bank C with an Underlying Transaction in the form of drawdown in the third year on an Offshore Loan it receives in an amount of USD10,000,000.00 (ten million United States dollar). On 4 February 2021, Bank C submits a Hedging Contract with an Underlying Transaction in the form of selling swap between Bank C and PT B in an amount of USD30,000,000.00 (thirty million United States dollar) and will fall due on 8 February 2022 with settlement in *full movement*. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD30,000,000.00 (thirty million United States dollar) and the Hedging Contract term is 1 (one) year.

**Alternative 2**



Year 1: On 3 February 2019, Bank C submits a Hedge Swap Transaction to Bank Indonesia with an Underlying Transaction in the form of selling swap between Bank C and PT B in an amount of USD10,000,000.00 (ten million United

States dollar) and will fall due on 5 February 2020. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD10,000,000.00 (ten million United States dollar) and the Hedging Contract term is 3 (three) years. Bank C may conduct Hedge Swap Transaction to Bank Indonesia in an amount of USD10,000,000.00 (ten million United States dollar) for 1 (one) year and may be extended every year until the third year with netting settlement. At the end of the third year, the transaction settlement is conducted in full movement.

Year 2: In January 2020, PT B conducts purchase swap transaction with Bank C with an Underlying Transaction in the form of drawdown in the second year on an Offshore Loan it receives in an amount of USD10,000,000.00 (ten million United States dollar). On 3 February 2020, Bank C submits a Hedge Swap Transaction to Bank Indonesia with an Underlying Transaction in the form of selling swap between Bank C and PT B in an amount of USD10,000,000.00 (ten million United States dollar) and will fall due on 8 February 2021. The nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD10,000,000.00 (ten million United States dollar) and the Hedging Contract term is 2 (two) years. Bank C may conduct Hedge Swap Transaction to Bank Indonesia in an amount of USD10,000,000.00 (ten million United States dollar) for 1 (one) year and may be extended every year until the second year with netting settlement. At the end of the second year, the transaction settlement is conducted in full movement.

Year 3: In January 2021, PT B conducts purchase swap transaction with Bank C with an Underlying Transaction in the form of drawdown in the third year on an Offshore Loan it receives in an amount of USD10,000,000.00 (ten million United States dollar). On 3 February 2021, Bank C submits a Hedge Swap Transaction to Bank Indonesia with an Underlying Transaction in the form of selling swap between Bank C and PT B in an amount of USD10,000,000.00 (ten million United States dollar) and will fall due on 6 February 2022. The

nominal value of the Underlying Transaction which may be specified in the Hedging Contract is USD10,000,000.00 (ten million United States dollar) and the Hedging Contract term is 1 (one) year. Bank C may conduct Hedge Swap Transaction to Bank Indonesia in an amount of USD10,000,000.00 (ten million United States dollar) for 1 (one) year with settlement in full movement.

MEMBER OF BOARD OF GOVERNORS  
OF BANK INDONESIA,

ERWIN RIJANTO